

This letter answers questions about the rolling stock exemption. See 86 Ill. Adm. Code 130.340. (This is a GIL.)

November 30, 1998

Dear Ms. XXXXXX:

This letter is in response to your letter dated January 9, 1998. We regret the delay in our response. The nature of your letter and the information you have provided require that we respond with a General Information Letter which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

It has come to our attention regarding Limousine Owners who have an ICC number as to whether they are exempt from paying sales tax at time of purchase of a limousine and also if they are exempt from paying sales tax on service parts to repair vehicles.

I would like you to forward the legal ruling regarding this matter as soon as possible.

We do not know what kind of ICC number a limousine service might have. It has generally been the Department's understanding that limousine services are not recognized by any regulatory agency as interstate carriers for hire. We hope the following information will be useful.

The Retailers' Occupation Tax Act provides an exemption for tangible personal property sold to interstate carriers for hire for use as rolling stock moving in interstate commerce or to lessors of such interstate carriers. See 35 ILCS 120/2-5(12) and (13) (1996 State Bar Edition). The exemption is described in the enclosed copy of 86 Ill. Adm. Code 130.340. The carrier must move in interstate commerce on a regular and frequent basis in order to qualify for the exemption.

Purchasers must be recognized by the appropriate federal or state regulatory agency as interstate carriers for hire and have received a Certificate of Authority to engage in interstate commerce. Please note that it is not the type of item that determines whether or not it qualifies as rolling stock, but rather how the item is used by a qualifying interstate carrier. In addition to receiving the proper

Certificate of Authority, purchasers should be aware that only those items used specifically as rolling stock will qualify.

Not all items of tangible personal property used on an interstate carrier for hire qualify for the rolling stock exemption. To qualify, the property must be physically incorporated into the vehicle that is an interstate carrier for hire. Repair parts and paints that become a physical component of the qualifying "rolling stock" qualify for the exemption. Supplies that do not become a physical component of the qualifying "rolling stock" do not qualify for the exemption.

When making purchases of qualifying property, the purchasers must provide the sellers with a certification that they are interstate carriers for hire and that they are purchasing the property for use as rolling stock moving in interstate commerce. If the purchasers are lessors, the purchasers must give the sellers a certification to that effect identifying the lessee interstate carriers for hire. Form RUT-7 Rolling Stock Certificate (copy enclosed), signed by the purchasers, is used to document the exemption.

I hope this information is helpful. The Department of Revenue maintains a Web site which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Martha P. Mote
Associate Counsel

MPM:msk
Enc.